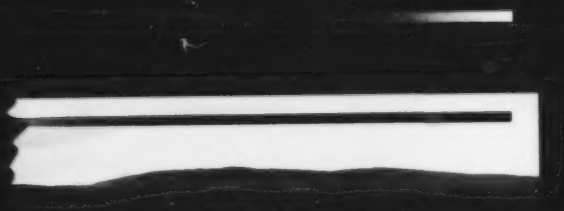
Economic Impact *of the* Alberta Forest Industry



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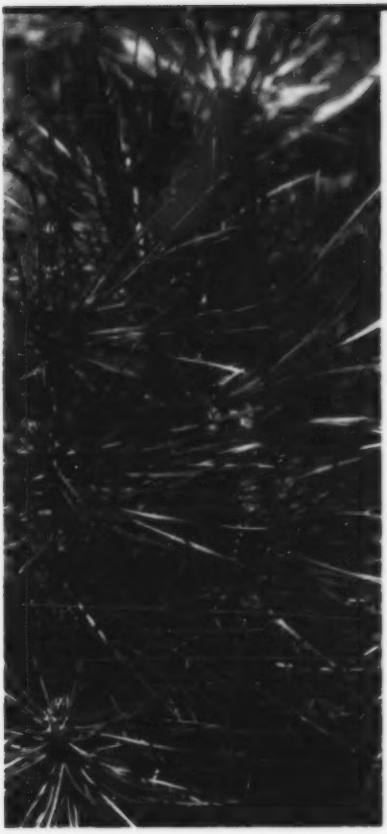
"The amount of timber harvested does not exceed the ability of the forest to regrow."



Honourable David Coutts
Minister of Sustainable
Resource Development

The forest industry is a cornerstone of the Alberta economy.

Increasingly, opportunities in Alberta's forests are being seized as the industry continues to grow and diversify. In 2003, the primary and secondary forestry sectors contributed $12.4 billion in revenues and supported more than 48,000 direct and indirect jobs.

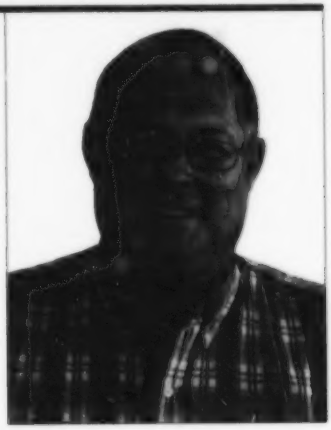
The primary forestry sector is actively pursuing opportunities to add value to their operations, through such things as improved wood utilization, wood residue use and customer-focused quality products.

The secondary sector is also an important part of our forest industry and this government continues to build partnerships that support new products and new markets for our secondary sector.

Alberta is committed to managing our forest resources in a sustainable and ecologically sound manner, and I'm pleased to note the forest industry has grown steadily while maintaining its commitments to sustainable forest management. Indeed, forest companies do not harvest more than the forest will grow in a year.

Albertans can be proud of our international reputation for good forest management that involves communities. In our Centennial year, Alberta renews its commitment to wise stewardship of a renewable forest resource that will thrive on the Alberta landscape 100 years from now.

Art Lemay
President
Alberta Forest Products
Association



In October of 1871, the Oblate Fathers of the Lac La Biche Mission built Alberta's first water powered sawmill. Since that time - more than 136 years ago - the forest products industry has continued to be a supportive force in the growth of our province.

Today, forestry is the third largest sector of the Alberta economy and the second largest manufacturing export sector. In 2004, the value of wood products manufactured by Alberta-based operations was more than $4.7 billion. While creating this value, forestry operations also protect and enhance the environment, and provide significant support to more than 50 Alberta communities.

The Alberta Forest Products Association is pleased to be a partner in this report on the economic impact of Alberta's forest industry. It provides a snapshot into one of the three key pillars of our industry. The other two are protecting and enhancing our natural environment and benefiting society.

Alberta's forest products industry boasts several of the most modern, efficient and environmentally-friendly plants in the world that manufacture lumber, panelboard, pulp, paper and value-added products like pallets and wood components to customers around the world.

Sustaining Alberta's forests is a shared value between the Government, Albertans and industry. The Alberta forest products industry has been, and continues to be proud and diligent stewards of the forest areas we are allowed to operate on, to ensure that these forestlands will continue to be a sustainable, renewable natural resource for many generations to come.

In 2005, Alberta celebrates its centennial. Alberta's forest industry also celebrates its past, lives in the present and plans for the future of our province's sustainable, renewable, natural resource.

Alberta's Forest Resource

Annual Allowable Cut	Coniferous (m^3)	Deciduous (m^3)
Forest Management Agreements	9,147,245	6,440,380
Quota/Deciduous Timber Allocation	3,841,548	3,267,105
Other	805,406	365,908
Total	13,794,199	10,073,393

Total Coniferous & Deciduous* - 23,867,592m^3

Timber Supply Status

The annual growth of all inventoried forested public lands in the province is estimated at 44.5 million m^3 per year.

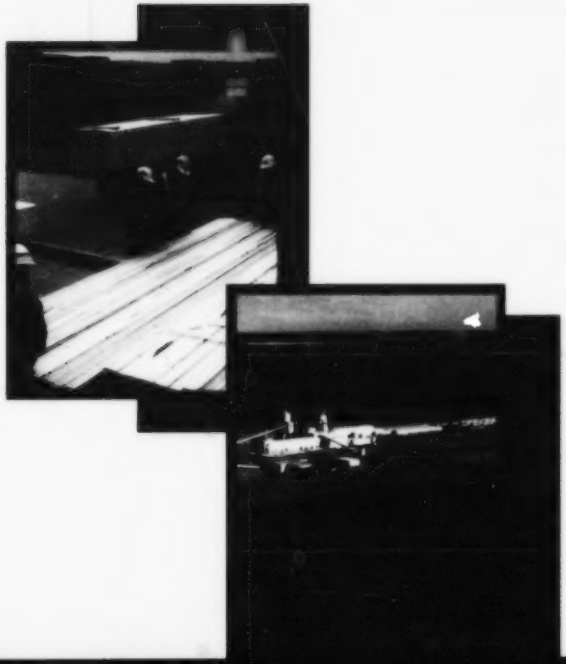
Average Annual Industry Production**

	2003	2002
Lumber (billion board feet)	**3.3**	3.3
Panelboard (billion square feet)	**3.0**	2.9
Pulp & Paper (million air-dried metric tonnes)	**2.5**	2.4

* Alberta Sustainable Resource Development
** Alberta Forest Products Association

Primary Manufacturing Economic Contributions

	2003	2002	Increase/ (Decrease)
Employment			
Total	**33,600**	**28,900**	**4,700**
Direct	11,800	10,300	1,500
Indirect & Induced	21,800	18,600	3,200
Revenue *(millions of dollars)*			
Total Revenue	**9,307.2**	**9,136.7**	**170.5**
Pulp & Paper	1,787.8	1,742.0	45.8
Panelboard Products	1,407.7	687.1	720.6
Lumber	985.4	1,205.5	(220.1)
Total Direct Revenue	4,180.9	3,634.6	546.3
Total Indirect & Induced Revenue	5,126.3	5,502.1	(375.8)
Corporate Tax	**185.8**	125.0	60.8
Personal Tax	**176.2**	183.4	(7.2)
Property Tax	**48.1**	45.4	2.7
Stumpage/Protection Charges	**58.8**	67.5	(8.7)



Alberta forests generate annual revenues of approximately $12 billion, plus additional indirect and induced revenues amounting to $12.4 billion.

Secondary Manufacturing

These products listed below are shipped to markets in:*	2003	2002
Alberta	**54%**	54%
United States	**26%**	27%
Western Canada (excluding Alberta)	**12%**	9%
Eastern Canada	**4%**	6%
Asia Pacific	**3%**	2%
Other markets	**1%**	2%

Alberta's timber is manufactured into a number of high-value products that are used every day in Alberta and in national and international markets.

There are over 550 secondary wood manufacturing companies that are located in 95 communities throughout Alberta.*

Alberta's forest products secondary manufacturing sector is diverse and manufactures a variety of products such as:

Remanufactured Products - re-sawn lumber and wood blocks used to produce high value products.

Pre-fabricated Buildings - prefabricated or pre-cut buildings of wood frame construction.

Cabinetry - Kitchen/Bathroom - wooden kitchen cabinets and bathroom vanities.

Engineered Building Components - structural wood members, other than solid dimension lumber and timber.

Millwork & Finished Products - architectural millwork, industrial or residential.

Furniture & Fixtures - household and office furniture with wood as the main component.

Specialty Items - secondarily manufactured wood products not classified in the above categories.

* PricewaterhouseCoopers, Alberta Forest Products Value Added Manufacturing Industry Benchmark Study, December 2003

Our forested lands provide a quality of life and livelihood for thousands of Albertans, with forestry being a significant contributor to the Alberta economy in at least 50 communities.

Secondary Manufacturing Economic Contributions

	2003	2002	Increase/ (Decrease)
Employment			
Total	**14,800**	**17,500**	**(2,700)**
Direct	**7,300**	10,400	(3,100)
Indirect & Induced	**7,500**	7,100	400
Revenue (*millions of dollars*)			
Total Secondary	**3,104.1**	**2,987.0**	**117.1**
Direct	**1,389.1**	1,368.0	21.1
Indirect & Induced	**1,715.0**	1,619.0	96.0
Corporate Tax	**74.1**	91.9	(17.8)
Personal Tax	**87.9**	74.8	13.1
Property Tax	**14.4**	15.8	(1.4)
Revenue Allocated by Region			
Grande Prairie/Grande Cache	**24,805**	20,473	4,332
Hinton/Edson	**21,262**	17,548	3,714
Rocky Mountain House & Southern Alberta	**683,919**	593,714	90,205
Edmonton & Area	**659,114**	579,091	80,023

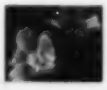
The forest sector provides over 48,000 jobs for Albertans: 33,000 from the primary and 14,800 from the secondary sectors. The sector generates approximately $1.4 billion in household income.

Athabasca - Fort McMurray

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**4,900**	4,700	**200**
Direct	**1,700**	1,700	-
Indirect & Induced	**3,200**	3,000	200
Revenue (*millions of dollars*)			
Total	**1,359**	**1,481**	**(122)**
Direct	**610**	589	21
Indirect & Induced	**749**	892	(143)
Corporate Tax	**27.1**	20.3	6.8
Personal Tax	**25.7**	29.7	(4.0)
Property Tax	**7.0**	7.4	(0.4)

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
Alberta Pacific Forest Industries Inc.	Pulpmill	2,195,000	1,830,000	365,000
Millar Western Forest Products Ltd.	Sawmill	470,000	510,000	(40,000)
Northland Forest Products Ltd.	Sawmill	285,000	200,000	85,000
Sawmills < 100,000 m^3	Sawmill	151,000	115,000	36,000
Regional Summary				
	Sawmill	906,000	825,000	81,000
	Pulp & Paper	2,195,000	1,830,000	365,000

On average, more of Alberta's forest is lost to fires each year than is harvested by the forest products industry.



Rocky Mountain House - Calgary - Southern Alberta

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**9,100**	**9,900**	**(800)**
Direct	**4,200**	5,500	(1,300)
Indirect & Induced	**4,900**	4,400	500
Revenue *(millions of dollars)*			
Total	**2,083**	**1,905**	**178**
Direct	**933**	843	90
Indirect & Induced	**1,150**	1,062	88
Corporate Tax	**47.4**	50.3	(2.9)
Personal Tax	**53.3**	45.3	8.0
Property Tax	**10.0**	9.9	0.1

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
Atlas Lumber (Alberta) Ltd.	Sawmill	125,000	130,000	(5,000)
Spray Lake Sawmills (1980) Ltd.	Sawmill	390,000	295,000	95,000
Sunpine Forest Products Ltd. (Strachan)	Sawmill	80,000	50,000	30,000
Sunpine Forest Products Ltd. (Strachan)	LVL	310,000	210,000	100,000
Sunpine Forest Products Ltd. (Sundre)	Sawmill	1,060,000	840,000	220,000
Sawmills < 100,000 m^3	Sawmill	195,000	185,000	10,000

Regional Summary

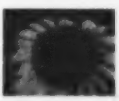
Sawmill	1,850,000	1,500,000	350,000
Panelboard (LVL)	310,000	210,000	100,000
Secondary Sales ($000's)	685,000	595,000	90,000

It takes between 80 and 120 years for a coniferous tree to reach maturity.

Drayton Valley

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**1,500**	**900**	**600**
Direct	500	300	200
Indirect & Induced	1,000	600	400
Revenue *(millions of dollars)*			
Total	**430**	**291**	**139**
Direct	193	116	77
Indirect & Induced	237	175	62
Corporate Tax	8.6	4.0	4.6
Personal Tax	8.1	5.8	2.3
Property Tax	2.2	1.4	0.8

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
Weyerhaeuser Company Limited	OSB	360,000	325,000	35,000
Weyerhaeuser Company Limited	Sawmill	515,000	485,000	30,000
Sawmills < 100,000 m^3	Sawmill	15,000	25,000	(10,000)
Regional Summary				
	Sawmill	530,000	510,000	20,000
	Panelboard (OSB)	360,000	325,000	35,000



On average, it takes 60 years for a deciduous tree to reach maturity.

Edmonton

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**7,300**	**8,600**	**(1,300)**
Direct	**3,600**	5,100	(1,500)
Indirect & Induced	**3,700**	3,500	200
Revenue *(millions of dollars)*			
Total	**1,528**	**1,471**	**57**
Direct	**684**	674	10
Indirect & Induced	**844**	797	**47**
Corporate Tax	**36.5**	45.2	(8.7)
Personal Tax	**43.3**	36.8	**6.5**
Property Tax	**7.1**	7.8	(0.7)

Regional Summary	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
	Secondary Sales ($000's)	660,000	580,000	80,000

Alberta's forests are comprised of a variety of commercial tree species with white spruce, black spruce, lodgepole pine, jack pine and balsam fir as the most common coniferous trees. Trembling aspen, balsam poplar and white birch are the most common deciduous species.

Grande Prairie - Grande Cache

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**4,700**	**3,800**	**900**
Direct	**1,700**	1,400	300
Indirect & Induced	**3,000**	2,400	600
Revenue *(millions of dollars)*			
Total	**1,261**	**1,148**	**113**
Direct	**566**	460	106
Indirect & Induced	**695**	688	7
Corporate Tax	**25.4**	16.6	8.8
Personal Tax	**24.4**	23.3	1.1
Property Tax	**6.5**	5.7	0.8

Regional Operations	Mill Type	Log Volume Consumed(m^3) 2003	2002	Increase (Decrease)
Ainsworth Lumber Co. Ltd.	OSB	590,000	775,000	(185,000)
Canadian Forest Products Ltd. - G.P.	Sawmill	850,000	800,000	50,000
Weyerhaeuser Company Limited - G.C.	Sawmill	485,000	490,000	(5,000)
Weyerhaeuser Company Limited - G.P.	Pulpmill	520,000	345,000	175,000
Weyerhaeuser Company Limited - G.P	Sawmill	785,000	520,000	265,000
Sawmills < 100,000 m^3	Sawmill	25,000	25,000	-

Regional Summary			
Sawmill	2,145,000	1,835,000	310,000
Panelboard (OSB)	590,000	775,000	(185,000)
Pulp & Paper	520,000	345,000	175,000
Secondary Sales ($000's)	25,000	20,000	5,000

It takes approximately three trees to make one cubic metre

Hinton - Edson

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**4,500**	**4,300**	**200**
Direct	**1,600**	1,600	-
Indirect & Induced	**2,900**	2,700	200
Revenue *(millions of dollars)*			
Total	**1,222**	**1,316**	**(94)**
Direct	**549**	526	**23**
Indirect & Induced	**673**	790	**(117)**
Corporate Tax	**24.6**	18.8	**5.8**
Personal Tax	**23.6**	26.6	**(3.0)**
Property Tax	**6.3**	6.6	**(0.3)**

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3)** 2003	2002	**Increase (Decrease)**
Sundance Forest Industries Ltd.	Sawmill	530,000	535,000	(5,000)
Weldwood of Canada Ltd. (HI-ATHA)	Sawmill	695,000	710,000	(15,000)
Weldwood of Canada Ltd. (Pulp)	Pulpmill	1,045,000	1,060,000	(15,000)
Weyerhaeuser Company Limited	OSB	420,000	435,000	(15,000)
Sawmills < 100,000 m^3	Sawmill	5,000	5,000	-

Regional Summary

Sawmill	1,230,000	1,250,000	(20,000)
Pulp & Paper	1,045,000	1,060,000	(15,000)
Panelboard (OSB)	420,000	435,000	(15,000)
Secondary Sales ($000's)	20,000	20,000	-

Reforestation is mandatory in Alberta. An average of approximately 75 million seedlings are planted annually, in addition to sowing seeds and natural regeneration.

Peace River - High Level - La Crete

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**6,000**	**5,800**	**200**
Direct	2,100	2,100	-
Indirect & Induced	3,900	3,700	200
Revenue *(millions of dollars)*			
Total	**1,671**	**1,837**	**(166)**
Direct	751	731	20
Indirect & Induced	920	1,106	(186)
Corporate Tax	33.4	25.1	8.3
Personal Tax	31.6	36.9	(5.3)
Property Tax	8.6	9.1	(0.5)

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
Boucher Brothers Lumber Ltd.	Sawmill	150,000	135,000	15,000
Canadian Forest Products Ltd. - H.C.	Sawmill	350,000	385,000	(35,000)
Daishowa-Marubeni International Ltd.	Pulpmill	1,170,000	1,275,000	(105,000)
Footner Forest Products Ltd.	OSB	625,000	645,000	(20,000)
La Crete Sawmills Ltd.	Sawmill	300,000	230,000	70,000
Manning Diversified Forest Products Ltd.	Sawmill	300,000	275,000	25,000
Seehta Forest Products Ltd.	Sawmill	145,000	230,000	(85,000)
Tolko Industries Ltd. High Level	Sawmill	1,120,000	1,040,000	80,000
Sawmills < 100,000 m^3	Sawmill	210,000	175,000	35,000
Regional Summary				
	Sawmill	2,575,000	2,470,000	105,000
	Panelboard (OSB)	625,000	645,000	(20,000)
	Pulp & Paper	1,170,000	1,275,000	(105,000)

Slave Lake - High Prairie

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**5,400**	**3,700**	**1,700**
Direct	1,900	1,300	600
Indirect & Induced	3,500	2,400	1,100
Revenue *(millions of dollars)*			
Total	**1,495**	**1,161**	**334**
Direct	671	462	209
Indirect & Induced	824	699	125
Corporate Tax	29.9	15.9	14.0
Personal Tax	28.3	23.3	5.0
Property Tax	7.7	5.8	1.9

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
Alberta Plywood Ltd.	Sawmill	135,000	145,000	(10,000)
Alberta Plywood Ltd.	Veneer	405,000	430,000	(25,000)
Gordon Buchanan Enterprises Ltd.	Sawmill	305,000	250,000	55,000
Weyerhaeuser Company Limited	OSB	655,000	700,000	(45,000)
Vanderwell Contractors (1971) Ltd.	Sawmill	680,000	665,000	15,000
West Fraser Mills Ltd. (Slave Lake Pulp)	Pulpmill	560,000	420,000	140,000
Sawmills < 100,000 m^3	Sawmill	55,000	175,000	(120,000)

Regional Summary			
Sawmill	1,175,000	1,235,000	(60,000)
Pulp & Paper	560,000	420,000	140,000
Panelboard (Veneer, OSB)	1,060,000	1,130,000	(70,000)

Whitecourt

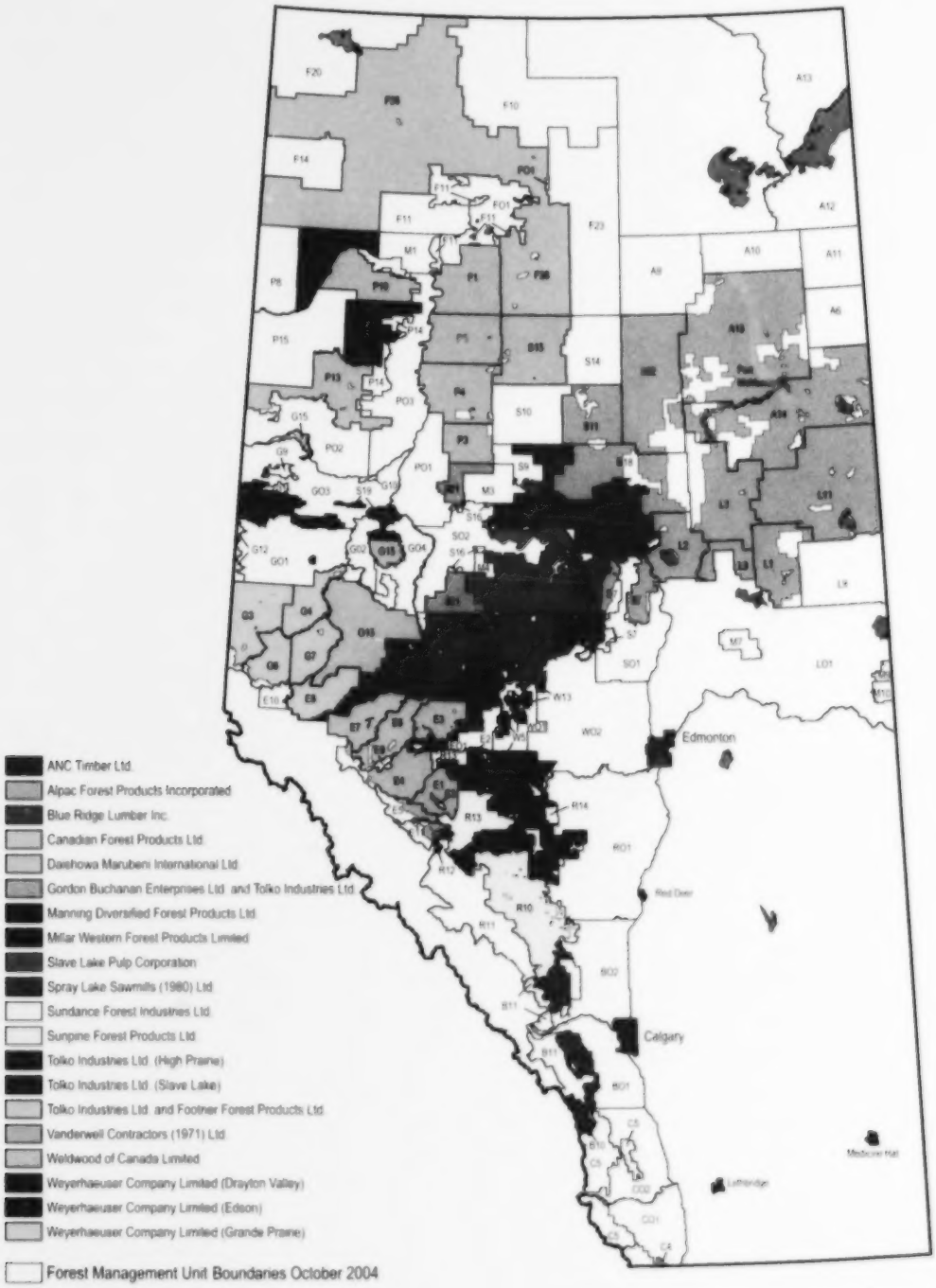
	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	**4,900**	**4,800**	**100**
Direct	**1,700**	1,700	-
Indirect & Induced	**3,200**	3,100	100
Revenue *(millions of dollars)*			
Total	**1,360**	**1,515**	**(155)**
Direct	**611**	603	8
Indirect & Induced	**749**	912	(163)
Corporate Tax	**27.1**	20.7	6.4
Personal Tax	**25.7**	30.4	(4.7)
Property Tax	**7.0**	7.5	(0.5)

Regional Operations	**Mill Type**	**Log Volume Consumed(m^3) 2003**	**2002**	**Increase (Decrease)**
Alberta Newsprint Company	Pulp & Paper	1,180,000	980,000	200,000
Millar Western Forest Products Ltd.	Pulpmill	600,000	405,000	195,000
Millar Western Forest Products Ltd.	Sawmill	765,000	725,000	40,000
Mostowich Lumber Ltd.	Sawmill	175,000	200,000	(25,000)
Spruceland Millworks Inc. (Timeu)	Sawmill	185,000	180,000	5,000
West Fraser Mills Ltd. (Blue Ridge Lumber)	Sawmill	1,035,000	915,000	120,000
Sawmills < 100,000 m^3	Sawmill	75,000	135,000	(60,000)

Regional Summary				
	Sawmill	2,235,000	2,155,000	80,000
	Pulp & Paper	1,780,000	1,385,000	395,000

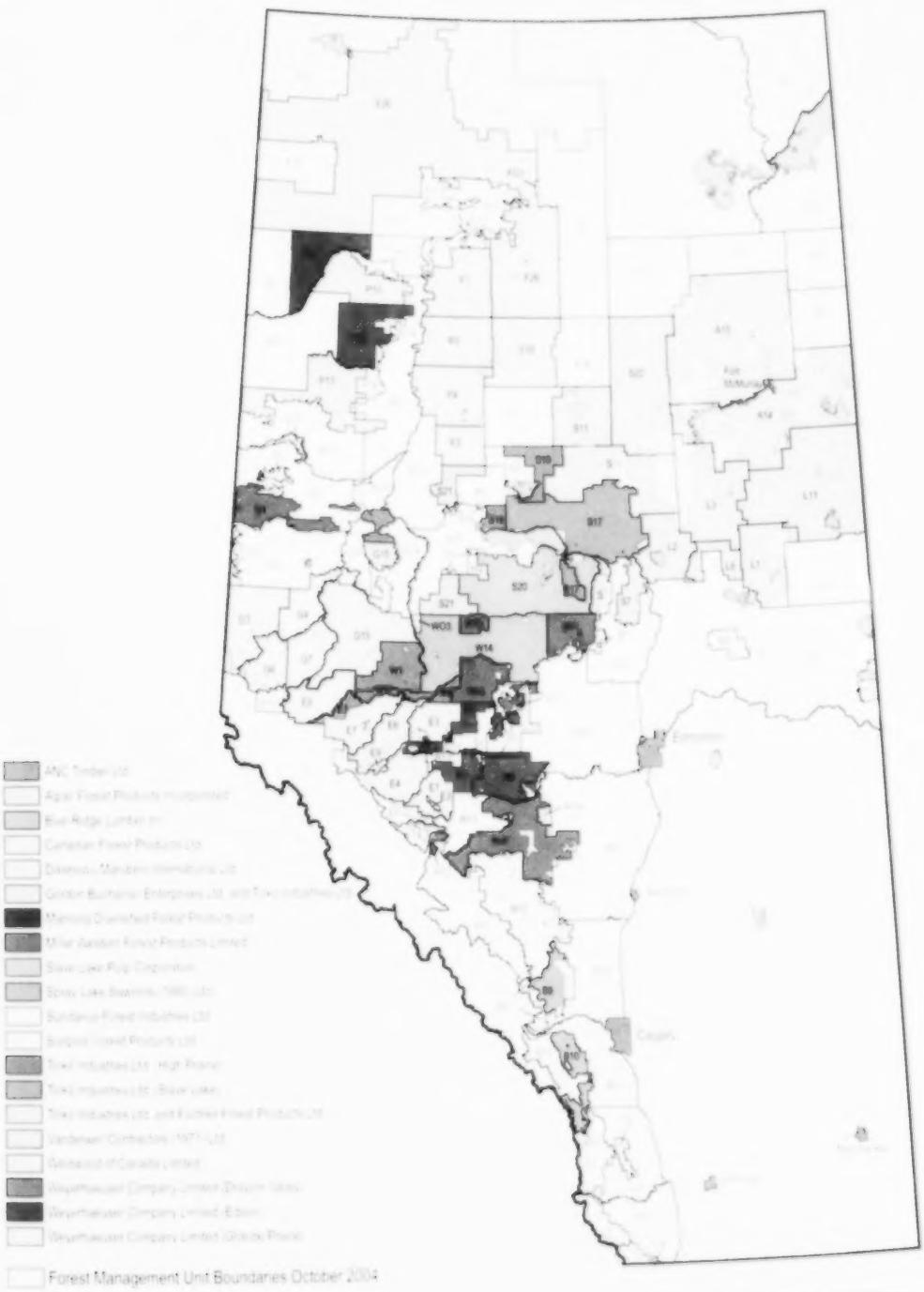
Alberta Forest Management Agreement Areas

Forest Management Agreement Boundaries (October 2004)


ANC Timber Ltd.
Alpac Forest Products Incorporated
Blue Ridge Lumber Inc.
Canadian Forest Products Ltd.
Daishowa Marubeni International Ltd.
Gordon Buchanan Enterprises Ltd. and Tolko Industries Ltd.
Manning Diversified Forest Products Ltd.
Millar Western Forest Products Limited
Slave Lake Pulp Corporation
Spray Lake Sawmills (1980) Ltd.
Sundance Forest Industries Ltd.
Sunpine Forest Products Ltd.
Tolko Industries Ltd. (High Prairie)
Tolko Industries Ltd. (Slave Lake)
Tolko Industries Ltd. and Footner Forest Products Ltd.
Vanderwell Contractors (1971) Ltd.
Weldwood of Canada Limited
Weyerhaeuser Company Limited (Drayton Valley)
Weyerhaeuser Company Limited (Edson)
Weyerhaeuser Company Limited (Grande Prairie)
Forest Management Unit Boundaries October 2004
Edmonton
Red Deer
Calgary
Medicine Hat
Lethbridge

Alberta Forest Management Agreement Areas

Forest Management Agreement Boundaries (October 2004)



Major Mills in Alberta 2003-2004

Major Mills in Alberta 2003-2004

Glossary

Air-dried Metric Tonne
a typical measure for pulp and paper.

Annual Allowable Cut (AAC)
the average yearly volume that may be harvested from a defined planning area.

Board foot
the base unit of measurement for lumber. This measurement is normally disclosed in thousand board feet (Mfbm). A board foot measures 12" x 12" x 1".

Coniferous
needleleaf, cone-bearing softwood (spruce, pine, fir) used for pulp, lumber and plywood.

Deciduous
typically broad-leaved, hardwood (aspen, poplar and birch) used for oriented strand board, pulp and lumber.

Direct
revenues generated by the respective primary or secondary industry.

Employment
measured in full time equivalents (FTE). One FTE is based on an average of 2,080 hours per year.

Forest Management Agreement (FMA)
a long-term, negotiated and legislated agreement between the Province of Alberta and a company to establish, grow and harvest timber on a perpetual sustained yield basis on a defined land area. The forest company is required to carry out forest management responsibilities, established according to a management plan approved by Alberta Sustainable Resource Development.

Forest Management Unit (FMU)
a defined area of forest land located in the Green Area and designated by the government to be managed.

Green Area
primarily the unsettled portion of the province defined as forest lands not available for agricultural development other than grazing. This provides a secure land base on which to practice long-term forest management.

Indirect
revenues generated by suppliers to the respective primary or secondary industry.

Glossary - cont'd

Induced
benefits to the economy generated by industry employees and suppliers spending their income.

Laminated Veneer Lumber (LVL)
structural wood member constructed of veneers laminated from which pieces of specific sizes can be trimmed. It is used in a variety of wood building products.

Log Volume Consumed
the source of log volume consumed is the Timber Production Revenue System maintained by Alberta Sustainable Resource Development. This represents log volumes delivered during the 2003 calendar year for production of forest products.

Oriented Strand Board (OSB)
a structural panel made of narrow strands of fiber oriented lengthwise and crosswise in layers, with a resin binder. Depending on the resin used, OSB can be suitable for interior or exterior applications (i.e. house and roof panelling).

Quota/Deciduous Timber Allocation
a 20-year allocation based on direct issue or competitive sale. A quota represents the right to harvest a share (as a percentage) of the AAC within a FMU or the right to harvest timber within a defined area of a FMU.

Stumpage/Protection Charges
cash fees and charges paid for stumpage rights. They include fees such as holding and protection charges and timber dues. In-kind services provided by the harvester for reforestation services and the like are over and above these fees.

Square foot
a typical measure of panelboard with a thickness of 3/8" for OSB, LVL and plywood.

Approximately 4,57 trees are used in the construction of the average 1,700 sq. ft. home in Alberta. This does not include kitchen cabinets, countertops, wood-framed windows and other furnishings.

Contacts

To receive a copy of this booklet, contact either the Alberta Forest Products Association or Alberta Sustainable Resource Development. Additional information about Alberta's forest sector are available at the websites mentioned below.

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